

## Message Text

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73 R

ACTION EA-14

INFO OCT-01 ISO-00 EB-11 INR-10 L-03 SPC-03 SS-20 SAM-01

DRC-01 RSC-01 /065 W

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R 020455Z MAR 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1086

C O N F I D E N T I A L TAIPEI 1290

E.O. 11652: GDS

TAGS: EFIN, TW

SUBJECT: FORTHCOMING VISIT OF EXIM BANK TEAM

REF: TAIPEI 979

1. GRC APPEARS TO BE MAKING EVERY EFFORT TO ENSURE THAT VISIT OF CLARK TEAM WILL BE AS PRODUCTIVE AS POSSIBLE. VICE FINMIN WANG SHAO-YU INFORMED ECONCOUNS FEBRUARY 27 THAT HE HAS BEEN NAMED TO HEAD COMMITTEE RESPONSIBLE FOR COORDINATING WORK PROGRAM BASED ON DRAFT AGENDA CONTAINED IN SAUER LETTER TO AMBASSADOR OF FEBRUARY 8. COMMITTEE COMPOSED OF REPRESENTATIVES MINISTERS OF FINANCE, ECONOMIC AFFAIRS AND COMMUNICATIONS, CENTRAL BANK AND ECONOMIC PLANNING COUNCIL. VICE ECONMIN K.S. CHANG, WHO ALSO IS MEMBER OF COMMITTEE, TOLD ECONCOUNS ON FEBRUARY 27 THAT PREMIER CHIANG HAS BEEN BRIEFED THOROUGHLY ON TEAM VISIT AND HAS ISSUED INSTRUCTIONS THAT GRC AGENCIES ARE TO COOPERATE FULLY.

2. ROC LEADERS OBVIOUSLY CONSIDER CLOSE EXIM ASSOCIATION A VITAL ELEMENT IN OVER-ALL ROC-US RELATIONS. SINCE EFFECTIVELY ROC CAN NO LONGER USE IFI'S AS SOURCE OF LOAN FUNDS AND SINCE POLITICAL CONSIDERATIONS RESTRICT AVAILABILITY OF CONCESSIONAL FINANCING FROM NATIONS SUCH AS JAPAN, EXIM HAS BECOME ALMOST ONLY SOURCE OF CONCESSIONAL FINANCING. APART FROM BEING SOURCE OF LOANS AND GUARANTEES, CONTINUED EXIM OPERATIONS IN TAIWAN ARE CRUCIALLY IMPORTANT  
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TO US INVESTOR CONFIDENCE, MAINTENANCE OF THE

POLITICAL CLIMATE WITHIN WHICH PRIVATE FOREIGN BANKS OPERATE, AND PROSPECTS OF REDUCING TRADE GAP BETWEEN US AND ROC. CREDIT FACILITIES OFFERED BY EXIM FOR PURCHASES OF US GOODS AND SERVICES WILL BE MAJOR ELEMENT IN REDUCING THAT GAP, WHICH REACHED US\$725 MILLION IN 1973.

3. PREMIER HAS STATED REPEATEDLY THAT FUTURE ECONOMIC DEVELOPMENT OF TAIWAN IS DEPENDENT UPON COMPLETION OF NINE MAJOR PROJECTS: NORTH-SOUTH FREEWAY, RAILWAY ELECTRIFICATION, NUCLEAR POWER PLANTS, TAOYUAN INTERNATIONAL AIRPORT, KAOHSIUNG SHIPYARD, STEEL MILL, TAICHUNG HARBOR, NORTHERN LINK RAILROAD (SUAO-HUALIEN) AND PETROCHEMICAL COMPLEX. WITH THE EXCEPTION OF THE LATTER, WHICH WILL INVOLVE CONSIDERABLE PRIVATE INVESTMENT, THESE WILL REQUIRE INVESTMENT OF HUGE SUMS OF PUBLIC MONIES. IN ABSENCE OF ADEQUATE CAPITAL MARKET IN ROC TO FINANCE SOCIAL INFRASTRUCTURE PROJECTS, GRC HAS LINKED AVAILABILITY OF LOANS AND/OR GUARANTEES FROM EXIM BANK TO ECONOMIC DEVELOPMENT PLANS.

4. IT IS UNDERSTANDABLE, THEREFORE, WHY VISIT OF CLARK TEAM IS VIEWED WITH SOME APPREHENSION. WE HAVE EXPLAINED CAREFULLY IN DISCUSSING VISIT WITH GRC LEADERS THAT EXIM BANK DESIRE TO DISCUSS ITEMS ON DRAFT AGENDA IN DEPTH IS NOT MEANT TO IMPUGN CREDIT WORTHINESS OF ROC OR TO QUESTION SOUNDNESS OF ECONOMIC DEVELOPMENT PLANS. RATHER, THIS VISIT AND VISIT BY EXIM BANK PERSONNEL TO KOREA AND OTHER COUNTRIES IS NECESSITATED BY EXIM BANK INABILITY TO MEET THE DEMANDS BEING MADE UPON IT IN VIEW OF AVAILABLE LENDING AUTHORITY.

5. EMBASSY LOOKS FORWARD TO MEETING WITH CLARK TEAM ON MARCH 11 BEFORE IT BEGINS DISCUSSIONS WITH GRC.  
MCCONAUGHY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN RELATIONS, PERSONNEL TRAVEL, EXPORT CREDIT GUARANTEES, BANK LOANS, FINANCIAL PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition Reason:**  
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**Previous Handling Restrictions:** n/a  
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**Subject:** FORTHCOMING VISIT OF EXIM BANK TEAM  
**TAGS:** EFIN, TW, XMB, (CLARK)  
**To:** STATE  
**Type:** TE  
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